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SEP 12 2017

September 12, 2017

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

**Re: Project No. 17-012, Meadowbrook Manor
of Geneva**

Dear Ms. Avery:

Please accept the enclosed financial commitment documentation for the above referenced project.

If you have any questions, please don't hesitate to contact me.

Sincerely,



John P. Kniery
Health Care Consultant

JPK/kah

ENCLOSURE

C: Charles Sheets, Polsinelli



GREYSTONE

GREYSTONE

419 Belle Air Lane
Warrenton, VA 20186
Phone: 540.341.2100
Fax: 540.341.7359

September 11, 2017

Mr. Robert Jafari
MMG Partners L.P.
c/o The Butterfield Health Care Group
648 N. River Road, Suite 100
Naperville, IL 60563

RE: *Meadowbrook Manor of Geneva*
Geneva, IL
232 New Construction

Dear Mr. Jafari:

I have reviewed your financing request for the construction of a skilled nursing facility in Geneva, Illinois. This is a project that Greystone Funding Corporation ("Greystone") is interested in pursuing with you. This letter sets forth a summary of the terms and conditions under which Greystone will evaluate the Borrower and the above-referenced project (the "Project") for a mortgage loan (the "Loan") to be insured by the Department of Housing and Urban Development ("HUD") acting through the Federal Housing Administration ("FHA") under its Section 232 program.

Please carefully review each of the following exhibits, incorporated herein by reference:

EXHIBIT A – PROPOSED LOAN TERMS

EXHIBIT B – NOTICE & DISCLOSURE OF TRANSACTION FEES AND COSTS

The terms and conditions discussed herein are non-binding and subject to change upon full underwriting of the loan request. Any future commitment to lend on this project will be first subject to receipt of the required Certificate of Need, full underwriting and due diligence by Greystone and approval by HUD; therefore, the terms and conditions outlined in the exhibits should not be construed as a binding obligation.

Oral agreements or commitments to loan money, extend credit or to forbear from enforcing repayment of a debt including promises to extend or renew such debt are not enforceable, regardless of the legal theory upon which it is based that is in any way related to the credit agreement. To protect you (Borrower(s)) and us (Greystone) from misunderstanding or disappointment, any agreements we reach covering such matters are contained in this writing, which is the complete and exclusive statement of the agreement between us, except as we may later agree in writing to modify it.

Meadowbrook Manor of Geneva
September, 2017

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If you have any questions regarding this letter, please do not hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Scott Thurman". The signature is fluid and cursive, with the first name "R" being large and prominent, followed by "Scott" and "Thurman" in a more compact script.

R. Scott Thurman
Senior Managing Director

EXHIBIT A - PROPOSED BASIC LOAN TERMS

The proposed loan terms, as detailed below, are based on preliminary information and are subject to change by Greystone and HUD.

BORROWER:	MMG Partners L.P. c/o The Butterfield Health Care Group 648 N. River Road, Suite 100 Naperville, IL 60563
PROJECT:	Meadowbrook Manor of Geneva 37W220 Keslinger Road Geneva, IL 60134
TYPE OF PROJECT:	150-bed Skilled Nursing Facility
YEAR BUILT:	To be Built
PROPOSED LOAN AMOUNT:	\$15,600,000 (subject to underwriting review and issuance of the HUD Commitment; the loan will be no greater than the lower of: a) 80% of the appraised value of the Project or b) 90% of eligible replacement costs.)
INDICATED INTEREST RATE:	4.25% (<i>Refer to Exhibit B of this Engagement Letter, Rate Lock</i>)
LOAN TERM:	21-month construction loan term (Initial Endorsement to Final Endorsement) and 480-month permanent loan term (commencing from Final Endorsement to maturity) ¹
SECURITY:	The Loan shall be secured by a first mortgage lien encumbering all land, improvements, and furniture, fixtures, and equipment.
RECOURSE:	Non-Recourse
PREPAYMENT:	Negotiable, but best pricing available from Greystone for 10 years of call protection, typically structured with a lockout for 0-2 years followed by prepayment penalties equal to a fixed percentage declining 1% each year.
REPAYMENT:	Monthly Interest only payments on disbursed funds during the construction loan term. Monthly principal and interest payments amortized over the permanent loan term.

¹ All HUD loans are fully amortizing, without balloons.

HUD REGULATORY AGREEMENT:	The Borrower and Operator both agree to be bound by the applicable HUD required regulatory agreements and other HUD programmatic requirements.
TITLE & RECORDING:	Title Insurance, Recording Fees, Escrow Services, mortgage taxes, transfer taxes, and other associated title services and fees are required as part of the processing, underwriting and closing of the Loan. An insurer approved by Greystone shall provide title and escrow services and must meet HUD Requirements.
ALTA SURVEY:	The Borrower will provide ALTA Surveys meeting Lender's and FHA's requirements are required at various stages, including but not limited to: (a) a land survey for the firm application and the initial closing; (b) "as built" surveys during construction as required by the inspecting architect; (c) an "as built" survey at the completion of construction; and, (d) an "as built" survey at final endorsement.
ZONING:	The Borrower will provide acceptable evidence that the Project is appropriately zoned for the intended use.
PLANS & SPECIFICATIONS:	The Borrower will provide acceptable architectural plans and specifications meeting HUD requirements for the project's intended use.
LICENSING:	The Borrower will provide acceptable evidence that all required document/permits have been obtained to operate a skilled nursing facility upon construction completion.
CONSTRUCTION START:	Construction may not start before initial endorsement, except with the prior approval of FHA. Any work performed after receipt by FHA of the initial application, including clearing, grading or other preliminary work, constitutes the early start of construction.
PROFESSIONAL LIABILITY INSURANCE	Minimum coverage \$1,000,000 per occurrence and \$3,000,000 aggregate with a maximum deductible of \$100,000 (for operators with 50 or fewer facilities) provided by an insurer rated "A-" or better by AM Best.

EXHIBIT B - NOTICE AND DISCLOSURE OF TRANSACTION FEES AND COSTS

The following describes the fees that will be incurred in this transaction. Unless otherwise defined herein, all capitalized terms used herein shall have the meaning set forth elsewhere in this Engagement Letter.

DUE AND PAYABLE UPON REQUEST FROM GREYSTONE, STARTING WITH THE MARKET STUDY. ONCE A MARKET STUDY IS RECEIVED THAT SUPPORTS THE PROPOSED LOAN AMOUNT IN EXHIBIT A, THE FUNDS FOR THE ADDITIONAL FEES ARE DUE:

PROCESSING FEE:	\$5,000
THIRD PARTY FEES:	<ul style="list-style-type: none">\$4,500 – Phase I Environmental Site Assessment\$10,000 – Appraisal\$10,000 – Market Study\$2,575 - Radon Testing. Radon Testing is required in Radon Zones 1 or 2. It appears that the Project is located in Radon Zone 1.\$6,000 – Greystone preliminary legal (assumes no A/R financing)

The above Third Party Fees are estimates only. Any additional costs are the responsibility of Borrower and will be due and payable upon receipt of an invoice from Greystone. Some or all of these fees may be reimbursable from Loan proceeds.

PAYABLE PRIOR TO APPLICATION SUBMISSION:

HUD APPLICATION FEE:	0.30% of Loan amount. Payable by Borrower a minimum of one week prior to the estimated Application submission to HUD.
	\$15,000 – Independent A&E Cost Review

PAYABLE PRIOR TO RATE LOCK:

GOOD FAITH DEPOSIT:	0.50% of the Loan amount. Payable prior to rate lock as detailed in the Information about Rate Lock.
EXTENSION FEES:	Not to exceed 0.25% of the Loan amount for each one-month extension of the closing date, all as will be more particularly set forth in the Greystone Commitment.

PAYABLE AT CLOSING (GENERALLY PAYABLE FROM LOAN PROCEEDS):

HUD INSPECTION FEE:	0.50% of Loan amount, rounded up to the nearest \$100. Fee is due and payable to HUD at closing.
MORTGAGE INSURANCE PREMIUM ("MIP"):	0.84% of the Loan amount; due and payable to HUD at closing. Thereafter, 0.72% will be due annually based on the then outstanding principal balance.
² FINANCING FEE:	2.00% of the Loan amount; due and payable to Greystone at closing.
CLOSING COSTS:	Paid at closing, and include, but are not limited to, recording fees, title insurance expenses, survey costs, Borrower's legal fees, Borrower's organizational expenses and Greystone's legal fees.

INFORMATION ABOUT RATE LOCK: Once the Borrower has accepted the Greystone Commitment, paid the Greystone Good Faith Deposit, and a creditworthy party acceptable to Greystone has guaranteed the Borrower's liability to Greystone (the "Responsible Party") for the period from rate lock through Loan closing, the Borrower may lock the Loan's interest rate and prepayment terms, in accordance with the procedures set forth in the Greystone Commitment. The Responsible Party must be a creditworthy party acceptable to Greystone who will guarantee Borrower's liability to Greystone (i) for the period from rate lock through closing of the Loan (which includes potential extension fees and losses incurred by investor due to non-delivery of the mortgage backed security) and/or (ii) resulting from Borrower's failure to close the Loan, all as more specifically outlined in the Greystone Commitment. It is important to note that rate lock should only occur once the Borrower and its counsel are confident that the Borrower is prepared to close the Loan by the required delivery date, since locking the interest rate commits Greystone, and therefore the Borrower, to liability for damages should the Loan fail to close by delivery date.

² Financing and Placement Fees deemed earned upon issuance of a HUD Commitment.